

House Bill 4 includes the following:

Section One adds definitions to KRS 341.005, including "approved job training or certification program", "enhanced federal benefits" and "state average unemployment rate". Section Two establishes criteria within KRS 341.100 for "suitable work". Sections Three and Four amend KRS 341.270 and KRS 341.272, respectively to reduce the minimum period of time for an employer to qualify for a lower contribution rate from twelve to four consecutive quarters.

Section Five amends KRS 341.350 to require that recipients engage in five verifiable work search activities per week during each week that he or she claims eligibility for benefits, set standards for "work search activities", and exempt those in an approved job training or certification program. The six eligible work search activities are formally submitting an application for employment, either in person or online; interviewing for employment virtually, in person, or online; job shadowing; attending a job fair or networking event hosted by state or local government or a business organization; participating in a job search skills workshop or seminar; and participating in official Kentucky Career Center or partner programs related to employment or the search for employment. Further KRS 341.350 changes include directing the Education and Workforce Development Cabinet to conduct randomized weekly audits to determine compliance with work search activities, establishing annual work search activity cabinet reporting requirements, and requiring the cabinet secretary to promulgate regulations and standards for verification of work search activities.

Section Six modifies KRS 341.380 to change an individual's maximum annual benefits from the lesser of twenty-six times his or her weekly benefit rate or one-third of his or her base wages as long as that amount is not less than twelve times his or her benefit rate.

Section Seven creates a new section of KRS Chapter 341 providing for the variable duration of unemployment insurance benefits based upon the state average unemployment rate at the time of each individual's application for benefits. The minimum benefit is twelve weeks for a 4.5 percent or less state average employment rate. The classification system, for regular benefits only, adds one additional week for each one-half percent above the 4.5 percent state average employment rate up to twenty-three weeks for a ten percent state average employment rate. Twenty four weeks of benefits is available for a greater than ten percent state average unemployment rate. The cabinet secretary may extend the maximum to twenty-six weeks if either authorized with the federal government with federal funding or during an extended benefit period as defined by KRS 341.094. Claimants may qualify for up to an additional five weeks if they are enrolled and making satisfactory progress in an approved job training or certification program.

However, claimants with verified return-to-work or recall-to-work prospects with their most recent employer would receive up to sixteen weeks times his or her weekly benefit rate instead, if the state average unemployment rate is 6.5 percent or less. If the state average unemployment rate is over 6.5 percent, then the proposed classification system would apply to claimants with verified return-to-work or recall-to-work prospects.

Section Eight adds a new section of KRS Chapter 341 to allow an employer to notify the cabinet secretary when individuals either declined suitable work or has failed to attend a first interview, which may constitute grounds for ineligibility, and directs the cabinet to provide an online portal for sending those notices. Section Nine amends KRS 341.370 to add declining an interview or not acting in good faith to secure suitable work as conditions under which a worker must be disqualified from receiving benefits during unemployment. Section Ten creates a new section of KRS Chapter 341 to allow the General Assembly to end the Commonwealth's participation in any enhanced benefits program.

Sections Eleven through Eighteen creates work sharing programs initiated by employers, in which employees would still receive benefits to offset reduced hours of work.

A request for additional information regarding the impact on local governments from the provisions of this bill has not been received at this time. Upon receipt of additional information, this Local Mandate Statement will be updated accordingly.

In regards to any potential litigation that local governments may have to defend, according to Kentucky League of Cities, most cities, especially smaller ones, retain a city attorney on contract and pay on an hourly basis. In FY 2020, the average hourly rate was \$107 (data on the hourly rate paid by counties for legal services is unavailable at this time). Because of many variables related to the difference in hourly rates, lack of complete data, complexity of lawsuits, final dispositions, and appeals, the costs of defending a lawsuit are unknown.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, pertains to the bill as introduced.

Data Source(s): LRC Staff

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